GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2507
ANSWERED ON:07.03.2003
PRIORITY SECTOR LENDING
DUKHA BHAGAT;LAXMAN GILUWA;SURESH RAMRAO JADHAV (PATIL);TRILOCHAN KANUNGO

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the credit deposit ratio of public sector banks during the last three years, State wise;

(b) the loan given by each Public Sector Bank to priority sector during the last three years, Sector-wise;

(c) the directions issued by the Reserve Bank of India to provide loan facilities to this sector;

(d) whether these directions have not been complied with properly by the banks; and

(e) if so, the action taken by the Government against the banks which do not complied with these rules properly?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V.ADSUL)

(a): The credit deposit ratio of public sector banks during the last three years, State-wise, is given in Annexure-I.

(b): The loans given by each public sector bank to priority sector during the last three years sector-wise is given in Annexure-II, III and IV.

(c): A target of 40 per cent of net bank credit has been stipulated for lending to priority sector by public sector banks. Within this, sub-targets of 18 per cent and 10 per cent have been stipulated for lending to agriculture and the weaker sections, respectively.

(d): Public Sector Banks have, as a group, achieved the overall priority sector lending target of 40 per cent. As on the last reporting Friday of March 2002, outstanding advances to priority sector by public sector banks constituted 43.12 per cent of net bank credit. Advances to agriculture and weaker sections formed 15.81 and 7.30 per cent, respectively, of the net bank credit.

(e): Public Sector Banks having shortfall in lending to priority sector/agriculture are allocated amounts for contribution to the Rural Infrastructure Development Fund (RIDF) established with NABARD. The rate of interest on RIDF deposits has been linked to the banks` performance in lending to agriculture. Accordingly, banks received interest from NABARD on contribution to RIDF-VIII at rates of interest inversely related to the shortfall in agricultural lending.